

## **Theory E<sup>2</sup>: Working with Entrepreneurs in Closely-Held Enterprises**

### **III. The Appreciation of Entrepreneurship and Enterprise**

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We suggest throughout this series of essays that the compounding of entrepreneurship and enterprise occurs through the process of appreciation. These are three ways in which the term *appreciation* is commonly used. They are each related to the processes of appreciation. We appreciate other people through attempting to understand them. We also appreciate other people through valuing them and often seeing them in a new light. A third way of appreciating another person is by being thoughtful and considerate in acknowledging their contributions to the organization.

#### **Understanding Another Person**

Fundamentally, the process of appreciation refers to efforts made to gain a clearer understanding of another person's perspective. We come to appreciate the point of view being offered by our colleagues or the situation in which other people find themselves. This appreciation, in turn, comes not from detached observation, but rather from direct engagement. One gains knowledge from an appreciative perspective by "identifying with the observed."<sup>i</sup>

Compassion rather than objectivity is critical. We care about the people and groups with whom we work as appreciative managers, consultants, coaches or leaders working with closely-held enterprises. Neutrality is inappropriate in such a setting. Compassion, however, does not imply either a loss of discipline or a loss of boundaries between one's own perspective and the perspective held by the other person. *Appreciation is deeply caring about and*

*caring for another person's problems, without personally taking on their problems.* We can appreciate another person's problems and assist this person in solving these problems without losing our personal identity.

### **Valuing Another Person**

In some circles, the process of appreciation refers to an increase in worth or value. A stock portfolio "appreciates" in value. This use of the term appreciation would seem, on the surface, to be economic in character. Value, however, can be assigned in non-financial terms—especially in closely-held enterprises. Van Gogh looked at a vase of sunflowers. He appreciated these flowers by rendering a painting of them. In doing so, he increased the aesthetic value of these flowers for everyone. Van Gogh similarly appreciated and brought new value to his friends through his friendship: "Van Gogh did not merely articulate admiration for his friend: He created new values and new ways of seeing the world through the very act of valuing."<sup>ii</sup>

Peter Vaill recounts a scene from *Lawrence of Arabia* in which Lawrence tells a British Colonel that his job at the Arab camp was to "appreciate the situation."<sup>iii</sup> By appreciating the situation, Lawrence assessed and then added credibility to the Arab cause, much as a knowledgeable jeweler or art appraiser can increase the value of a diamond or painting through nothing more than the thoughtful appraisal. Lawrence's appreciation of the Arab situation, in turn, helped to produce a new level of courage and ambition on the part of the Arab communities with which Lawrence was associated. *Appreciative organizations create value, courage and ambition among those who are associated with the organization.* This is a key point in the process of organizational appreciation.

### **Recognizing the Contributions Made by Another Person**

From yet another perspective, the process of appreciation concerns our recognition of the contributions that have been made by another person: "I appreciate the efforts you have made

in getting this project started.” Sometimes this sense of appreciation is reflected in the special recognition we give an administrator for a particularly successful project or in the bouquet of flowers we leave with our administrative assistant on National Secretary’s Day.

These occasional forms of recognition can be gratifying to those receiving the praise. However, appreciation can be exhibited in an even more constructive, ongoing manner through the daily interactions between an entrepreneurial leader and his associates in a closely-held enterprise. *The consistent acknowledgment of contributions is embedded in mutual respect and it is founded on an appreciative attitude regarding the nature and purpose of work.* If the entrepreneurial leader “sees work as the means whereby a person creates oneself (that is, one’s identity and personality) and creates community (that is, social relations), then the accountability structure becomes one of nurturing and mentoring.”<sup>iv</sup>

### **The Attitudes of Appreciation**

The term appreciation is now being used with regard to not only individuals but also organizational settings. The term has become closely aligned with shifts in organizational attitude. There are three ways in which the attitude of appreciation is exhibited in a closely-held enterprise. This enterprise is considered to be appreciative if one finds a positive image of the future within the organization, especially if this image infuses strategic planning in the organization with meaning and purpose.

The closely-held enterprise is also appreciative if a concerted effort is being made to recognize the distinct strengths and potentials of people working within this organization. Finally, a closely-held enterprise is appreciative if its employees consistently value and seek to establish cooperative relationships and recognize the mutual benefits that can be derived from this cooperation.

## **Establishing a Positive Organizational Image of the Future**

This fourth use of the term appreciation relates both to individual attitudes and organizational climate. *Appreciative organizations lean into the future.* We grow to appreciate a closely-held enterprise by investing it with optimism. In an appreciative enterprise there is a pervasive sense of hope about the future for this organization and the valuable role it can play in society. “Organization wide affirmation of the positive future is the single most important act that a system can engage in if its real aim is to bring to fruition a new and better future.”<sup>v</sup>

Effective entrepreneurial leaders, in such a setting, will be “not only concerned with what is but also with what might be.”<sup>vi</sup> Employees come to appreciate their own role and that played by other members of the organization with regard to contributions that enable the organization to realize its purposes and values. Tim Russert, the former moderator of *Meet the Press*, disclosed a phrase used by his father: “fail forwards.” – that is learn from our mistakes and trace out the implications of the lessons learned from our failures for our future actions.<sup>vii</sup>

## **Recognizing Distinctive Strengths and Competencies**

Appreciation in an intimate organizational setting – such as is found in closely-held enterprises – also refers to recognition of the distinct strengths and potentials of individuals working within the organization. An appreciative culture is forged when an emphasis is placed on the realization of inherent potential and the uncovering of latent strengths, rather than on the identification of weaknesses or deficits. This is a critical attitudinal variable. People and organizations “do not need to be fixed. They need constant reaffirmation.”<sup>viii</sup>

Even in a context of competition, appreciative attitude transforms envy into learning and transforms personal achievement into a sense of overall purpose and value. The essayist, Roger Rosenblatt, reveals just such a process in candidly describing his sense of competition with other writers. He suggests that his sense of admiration for the work of other writers serve a critical function in his own life:<sup>ix</sup>

Part of the satisfaction in becoming an admirer of the competition is that it allows you to wonder how someone else did something well, so that you might imitate it – steal it, to be blunt. But the best part is that it shows you that there are things you will never learn to do, skills and tricks that are out of your range, an entire imagination that is out of your range. The news may be disappointing on a personal level, but in terms of the cosmos, it is strangely gratifying. One sits among the works of one's contemporaries as in a planetarium, head all the way back, eyes gazing up at heavenly matter that is all the more beautiful for being unreachable. Am I growing up?

Paradoxically, at the point that people are fully appreciated and reaffirmed they tend to live up to their newly acclaimed talents and drive, just as they *live down* to their depreciated sense of self if constantly criticized or undervalued. Carl Rogers suggested many years ago that people are least likely to change if they are being asked to change. *People are more likely to change when they have received positive regard.* Appreciation and positive regard certainly seem to be closely related concepts.

### **Recognizing the Value of Cooperation**

A final mode of appreciation is evident in the attitude of cooperation in a closely-held enterprise. *An organization is appreciative when efforts are made to form cooperative relationships and recognize the mutual benefits that can be derived from this cooperation.* A culture of appreciation provides organizational integration. It is the glue that holds a closely-held enterprise together while the enterprise is growing and differentiating into distinctive units of responsibility. The appreciative perspective is particularly important when there are significant differences in vision, values or other cultural elements among members of an organization or among independent organizations that seek to work together. If genuine and productive cooperation is to take place, then appreciation must embrace both judgments about reality and judgments about value.

This brief analysis clearly indicates that appreciation is a rich – and provocative – concept. The term has several closely related meanings that tend to build on one another. We shall make use of each of these meanings while describing six strategies of Theory E<sup>2</sup> in this series of essays.

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<sup>i</sup> Willis Harmon, “Shifting Context for Executive Behavior: Signs of Change and Revolution,” in Suresh Srivasta, David Cooperrider and Associates. *Appreciative Management and Leadership: The Power of Positive Thought and Action in Organizations*. San Francisco: Jossey-Bass, 1990, p. 43.

<sup>ii</sup> David Cooperrider, “Positive Image, Positive Action: The Affirmative Basis of Organizing,” in Suresh Srivasta, David Cooperrider and Associates. *Appreciative Management and Leadership: The Power of Positive Thought and Action in Organizations*. San Francisco: Jossey-Bass, 1990, p. 123.

<sup>iii</sup> Peter Vaill, “Executive Development as Spiritual Development,” in Suresh Srivasta, David Cooperrider and Associates. *Appreciative Management and Leadership: The Power of Positive Thought and Action in Organizations*. San Francisco: Jossey-Bass, 1990, p. 323.

<sup>iv</sup> L. Cummings and Ronald Anton, “The Logical and Appreciative Dimensions of Accountability,” in Suresh Srivasta, David Cooperrider and Associates. *Appreciative Management and Leadership: The Power of Positive Thought and Action in Organizations*. San Francisco: Jossey-Bass, 1990, p. 259.

<sup>v</sup> David Cooperrider, “Positive Image, Positive Action: The Affirmative Basis of Organizing,” in Suresh Srivasta, David Cooperrider and Associates. *Appreciative Management and Leadership: The Power of Positive Thought and Action in Organizations*. San Francisco: Jossey-Bass, 1990, p. 119.

<sup>vi</sup> Peter Frost and Carolyn Egri, “Appreciating Executive Action” in Suresh Srivasta, David Cooperrider and Associates. *Appreciative Management and Leadership: The Power of Positive Thought and Action in Organizations*. San Francisco: Jossey-Bass, 1990, p. 305.

<sup>vii</sup> Tim Russert interviewed by Charlie Rose (PBS), May 11, 2004.

<sup>viii</sup> David Cooperrider, “Positive Image, Positive Action: The Affirmative Basis of Organizing,” in Suresh Srivasta, David Cooperrider and Associates. *Appreciative Management and Leadership: The Power of Positive Thought and Action in Organizations*. San Francisco: Jossey-Bass, 1990, p. 120.

<sup>ix</sup> Roger Rosenblatt, “The Admiration of Others,” *Modern Maturity*. January/February 1997, p. 23.